Processing Military Service Deposit Deductions

Military service deposit deductions are entered in EPIC (Entry, Processing, Inquiry, and Corrections System) and recorded in IRIS (Information/Research Inquiry System) until they have been fully collected. Once the deductions have reached a zero balance, ▶the OPM Form 1514◀ must be properly stamped and the record must be manually deleted from the system. The paperwork must then be forwarded to the Payroll Reconciliation Retirement Section at the National Finance Center (NFC) to update the employee's military service retirement record. **Before the military service deposit deductions package is forwarded to NFC, all reconciliations (including applicable interest accrued) must be completed.** ▶Agencies can contact NFC at **504-255-5344** for a list of software products that will calculate military service deposits. Regardless of the instrument used,◀ agencies are responsible for ensuring that the military service deposit deductions balance in IRIS matches the balance in NFC's Retirement System (RETM).

The following is a list of steps to follow in processing a new military service deposit application where the employee is paying by check:

1. **Create a military service deposit package** using the forms submitted by the employee.

    *   ▶Form **AD-343** , Payroll Action Request.◀

    *   OPM Form **1514**, Military Deposit Worksheet. The OPM Form 1514 must include the period of military service, the amount of earnings, and the percentage rate. The percentage rate is 3 percent of the gross amount made in military service for FERS (Federal Employees Retirement System) employees **(Receipt Account Type 96)** and 7 percent for CSRS (Civil Service Retirement System) employees **(Receipt Account Type 94)**.

    *   SF- **3108**, Application to Make Service Credit Payment (used for FERS employees) or SF- **2803**, Application To Make Deposit Or Redeposit (used for CSRS employees). **All forms must be signed by the employee**.

    Note: All forms must be signed by the employee.

2. Forward the check payment with all applicable documents to NFC at the address shown below for processing. **Note**: All military service deposits (new or existing) made payable by check will continue to be forwarded to NFC for processing.

    ▶**USDA/OCFO/NFC/ABCO**

    P.O. Box 61765

    New Orleans, LA 70161◀

The following is a list of steps to follow in processing new military service deposit deductions:

1. **Create a military service deposit package** using the forms submitted by the employee.

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    *   OPM Form **1514**, Military Deposit Worksheet. The OPM Form 1514 must include the period of military service, the amount of earnings, and the percentage rate. The percentage rate is 3

percent of the gross amount made in military service for FERS employees (**Receipt Account Type 96**) and 7 percent for CSRS employees (**Receipt Account Type 94**).

- SF- **3108**, Application to Make Service Credit Payment (used for FERS employees) or SF- **2803**, Application To Make Deposit Or Redeposit (used for CSRS employees).

Note: All forms must be signed by the employee.

2. ▶**Obtain the required deposit owed <u>before </u>interest and <u>after</u> interest accrues. Keep a copy of all calculations in the military service deposit deductions package.** To obtain this amount, you will need to know the beginning balance amount needed to pay or receive full credit for military time and calculate the amount of interest due.◀

- To obtain the beginning balance, ▶you will need to know the employee's retirement◀ system (FERS or CSRS), start date of civilian employment, and the total amount of military earnings. **Note**: Employees have up to three years after entering civilian employment to pay back military service retirement deposits without accruing interest. For **FERS** employees, the interest accrued is determined by the date the employee entered civilian employment. For **CSRS** employees, interest is accrued annually starting on October 1 of each year. **After determining the interest, add it to the balance due and enter the adjusted balance into EPIC.**

3. ▶**Obtain all interest accrual dates, interest accrued, and balances due.** To obtain this information, you will need to know the beginning balance and the anniversary date (which is when accrual begins). **Note**: Once established, to obtain the current balance due with interest added at any time during the year, access IRIS 114.

4. **A copy of all calculations should be included** in the deductions package.◀

5. **Check the Amount of Deposit Due** based on the information contained on the OPM Form 1514. **Note**: If interest accrues, this amount will change.

6. **Prepare a worksheet (payment card)** to record the starting balance and any interest accrued. **Note**: This worksheet will be used in Step 11 when verifying the cumulative retirement deduction amount. See Sample A.

7. **Enter all military service deposit deductions information into EPIC** using the Deductions Due To Indebtedness window.

8. **Check IR114 (Receipt Accounts) the next day to verify** if the information previously entered is correct or if the record dropped from the system.

- **If the information is correct** and this is a **FERS** employee, file the military service deposit deductions package by social security number/month entered duty. For example, **123456789SEP**. This number will be used as the Receipt Account Number.

- **If the information is correct** and this is a **CSRS** employee, file the military service deposit deductions package by social security number.

- **If the information is incorrect**, you will need to reenter the correct information into EPIC. Access the EPIC 089 Document (Deductions Due To Indebtedness) screen. At the

Transaction Code field, click the down arrow and select **Change**. Enter the correct data and select **File > Save**. The Save Changes pop-up appears. Click **[Yes]** to save entries. If all data entered has been accepted, the message "Document Successfully Added" will be displayed. Select **File > Close** to exit the Deductions Due to Indebtedness window. Repeat the verification process again. Once completed, file the military service deposit deductions package with the procedures used for FERS/CSRS employees.

- **If the record does not appear in IR114**, check the EPIC Suspense. Access the EPIC 089 Document (Deductions Due To Indebtedness) screen. Click the down arrow on the Search button to choose the Selection Criteria. At the Selection Criteria pop-up, select the 089 Deduction Record and Suspense Document (EPIC Status). Click **[OK]**. A listing of all documents entered in suspense will be displayed. Double click on the applicable record. Once the record has been selected, the PINE (Personnel Input and Edit) Suspense Error Listing will be displayed showing any error messages. View or Print the error listing. When completed, click outside the PINE Suspense Error Listing box. The system returns to the EPIC document. Correct the error(s) by entering all data and select **File > Save**. The Save Changes pop-up appears. Click **[Yes]** to save entries. If all data entered has been accepted, the message "Document Successfully Saved" will be displayed. Select **File > Close** to exit the Deductions Due to Indebtedness window. Repeat the verification process again. Once completed, file the military service deposit deductions package with the procedures used for FERS/CSRS employees.

9. **After PAYE runs each pay period, run the FOCUS program (AGARNISH)** to obtain a report that shows the military service deposit deductions for the specified pay period (including those which did or did not deduct in that pay period). It will also show any deductions that have reached a zero balance.

   - If an account has reached a zero balance. Proceed to Step 10.

   - If an account has had deductions but has not reached a zero balance, continue to run this report each pay period and post the collections to the worksheet until the account reaches a zero balance.

   - If an account did not have deductions and has not reached a zero balance, check IR114 to determine if the employee has terminated or retired. If so, cancel the 94 or 96 receipt account in EPIC and send the military service deposit deductions package to the Retirement Reconciliation Section at NFC to the address shown below. If the employee is in a non-pay status, record this information on the worksheet each pay period until deductions resume.

10. **For those receipt accounts that have reached a zero balance**, go to the file and examine the worksheet to verify that all interest has been added to the beginning balance on these accounts.

11. **Go to RETMN to verify that the cumulative retirement deduction amount in RETMN agrees with the balance owed as indicated on the worksheet**. This amount will also include any payments previously made by check. **Note**: You must have security access to RETMN to continue at this point. If you need access to RETMN, notify your security officer.

   - Access RETMN to obtain the cumulative retirement deductions amount. From RETMN Personnel Office Menu, enter Action Code *I*, Selection Code *R*, and the employee's social security number and press Enter. The Basic Screen - Inquiry screen displays with *Y* in the

Military (MIL) field. **Note**: The cumulative retirement deductions amount field (CUM RET DEDUCTIONS) will display the total amount collected for this military service deposit deductions, including both payroll deductions and check payments. ▶This amount must agree with the amount on the worksheet. If the amounts do not agree, go to Step 12 at this point. Do not continue.◀

- Press **[PF10]** to access the Deduction Information window which displays an annual breakdown of all monies collected for this military service deposit deductions. Print this listing and include it in the military service deposit deductions package.

- Stamp **PAID IN FULL** on the OPM Form 1514 and record the total amount collected on the stamp line. See Sample B.

- Stamp **FPM-LTR 831-80 E(2)** on the OPM Form 1514 indicating that the SF-2806 will be forwarded to OPM upon the employee's separation. See Sample B.

- Access EPIC and delete the record after all reconciliations are completed. ▶Proceed to Step 13.◀ **Note**: The worksheet, IRIS, and RETMN must agree before the record is deleted from the system.

12. **If the cumulative retirement deductions amount in RETMN does not agree with the worksheet**, check the beginning balance and interest (if any) on the worksheet. ▶Verify these amounts against each calculation. **Note**: A printout should be made each pay period showing the interest added (if any) and included in the military service deposit deductions package.◀

    - Once the error is detected and additional funds need to be collected, access the EPIC 089 Document (Deductions Due To Indebtedness) screen. At the Transaction Code field, click the down arrow and select **Change**. Enter the correct data and select **File > Save**. The Save Changes pop-up appears. Click **[Yes]** to save entries. If all data entered has been accepted, the message "Document Successfully Added" will be displayed. Select **File > Close** to exit the Deductions Due to Indebtedness window. Record on the worksheet the amount in error. ▶When the balance reaches zero, return to Step 11 to continue the reconciliation process.◀

    - Once the error is detected and a refund is due, access SPPS (Special Payroll Processing System) and add a new record. Add a note in SPPS stating that this is a request for a **Refund of $ for Military Service Deposit Overcollection** and include the receipt account number which is used in EPIC. Record on the worksheet "Refund Due to Overcollection-Request sent to SPPS on X/X/XX" (include the agency's contact name and phone number). ▶When the balance reaches zero, return to Step 11 to continue the reconciliation process.◀

      Note: If the employee **decides not to complete** his military service deposit and requests a refund, access SPPS and add a new record. Add a note in SPPS stating that this is a request for a **Refund of $ for Military Service Deposit** and include the receipt account number which is used in EPIC. Record on the worksheet "Refund To Employee -Request sent to SPPS on X/X/XX" (include the agency's contact name and phone number).

      Before processing a refund, please refer to the OPM's CSRS and FERS Handbook, Chapters 23 (Service Credit Payments for Post 1956 Military

   Service) and 32 (Refunds) for specific information concerning military service deposit refunds.

13. **The ▶reconciled Military Service Deposit Deductions Package◀ is then forwarded to the Payroll Reconciliation Retirement Section at NFC** (address shown below) to update the employee's military service retirement record.

   USDA, National Finance Center

   Payroll Reconciliation Retirement Section

   P.O. Box 29310

   New Orleans, LA 70189

Sample A, Worksheet (Payment Card) *(used by NFC)*

SOCIAL SECURITY NUMBER	NAME
700 - 00 - 0000	

RECORD OF PARTIAL PAYMENTS 96 **BILL NO.** 017506256 ARR

DATE	C.D. NO.	AMOUNT	BALANCE
PP02 2003 25.00			4201.73
		Balance	3667.97
2004	interest	170.56	3838.53

Sample of a PaymentCard

FORM NFC-1289 (1/00)

Sample B, OPM Form 1514, Military Deposit Worksheet *(paid in full)*

Office of Personnel Management
MILITARY DEPOSIT WORKSHEET

1. name

2. date of birth

3. social security number

4. date of computation

5. period of military service from (mo,da,yr) to (mo,day,yr)

6. total service in period (yr, mo, da)

7. amount of earnings

8. amount of deposit due

9. RECORD OF PAYMENTS

Date	Payment	Balance Due

PAID IN FULL

FPM LTR. 831-80 E(2) STATES MILITARY SERVICE ISF-2806) WILL BE FORWARDED TO OPM UPON SEPARATION.

Date	Payment	Balance Due

MAY BE REPRODUCED LOCALLY
*Not including any days lost, if applicable

OPM Form 1514
January 1983